

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 322

BY APPROPRIATIONS COMMITTEE

AN ACT

APPROPRIATING MONEYS TO THE DEPARTMENT OF HEALTH AND WELFARE FOR MEDICAL ASSISTANCE SERVICES FOR FISCAL YEAR 2010; LIMITING THE NUMBER OF FULL-TIME EQUIVALENT POSITIONS; PROVIDING THAT THE STATE CONTROLLER SHALL MAKE TRANSFERS FROM THE GENERAL FUND; PROVIDING LEGISLATIVE INTENT FOR THE EDUCATION STIPEND FOR DEPARTMENT OF HEALTH AND WELFARE EMPLOYEES; ALLOWING TRANSFERS BETWEEN PERSONNEL COSTS AND OPERATING EXPENDITURES; AUTHORIZING THE EXPENDITURE OF ALL RECEIPTS COLLECTED; AUTHORIZING A TRANSFER OF CERTAIN MONEYS APPROPRIATED FOR TRUSTEE AND BENEFIT PAYMENTS; PROVIDING LEGISLATIVE INTENT FOR COST CONTAINMENT MEASURES; PROVIDING LEGISLATIVE INTENT ON PERSONNEL COSTS; DIRECTING SALARY REDUCTIONS; AND DECLARING AN EMERGENCY.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. There is hereby appropriated to the Department of Health and Welfare for Medical Assistance Services the following amounts to be expended according to the designated programs for the designated expense classes from the listed funds for the period July 1, 2009, through June 30, 2010:

| | FOR PERSONNEL COSTS | FOR OPERATING EXPENDITURES | FOR TRUSTEE AND BENEFIT PAYMENTS | TOTAL |
|--|---------------------------|----------------------------------|---|-------------------|
| I. MEDICAID ADMINISTRATION & MEDICAL MANAGEMENT: | | | | |
| FROM: | | | | |
| Cooperative Welfare (General) Fund | \$6,817,500 | \$9,022,900 | \$1,311,000 | \$17,151,400 |
| Idaho Health Insurance Access Card Fund | | 152,000 | | 152,000 |
| Cooperative Welfare (Dedicated) Fund | | 5,983,800 | | 5,983,800 |
| Cooperative Welfare (Federal) Fund | <u>11,645,000</u> | <u>32,296,400</u> | <u>1,638,600</u> | <u>45,580,000</u> |
| TOTAL | \$18,462,500 | \$47,455,100 | \$2,949,600 | \$68,867,200 |
| II. COORDINATED MEDICAID PLAN: | | | | |
| FROM: | | | | |
| Cooperative Welfare (General) Fund | | | \$95,220,700 | \$95,220,700 |
| Hospital Assessment Fund | | | 165,600 | 165,600 |

| | | FOR | FOR | FOR | |
|----|------------------------------|--------------|--------------|--------------------|--------------------|
| | | PERSONNEL | OPERATING | TRUSTEE AND | |
| | | | | BENEFIT | |
| | | COSTS | EXPENDITURES | PAYMENTS | TOTAL |
| 5 | Cooperative Welfare | | | | |
| 6 | (Dedicated) Fund | | | 10,756,900 | 10,756,900 |
| 7 | Cooperative Welfare | | | | |
| 8 | (Federal) Fund | | | <u>334,097,600</u> | <u>334,097,600</u> |
| 9 | TOTAL | | | \$440,240,800 | \$440,240,800 |
| 10 | III. ENHANCED MEDICAID PLAN: | | | | |
| 11 | FROM: | | | | |
| 12 | Cooperative Welfare | | | | |
| 13 | (General) Fund | | | \$133,430,200 | \$133,430,200 |
| 14 | Idaho Health Insurance | | | | |
| 15 | Access Card Fund | | | 1,145,800 | 1,145,800 |
| 16 | Medical Assistance Fund | | | 2,500 | 2,500 |
| 17 | Hospital Assessment Fund | | | 2,297,200 | 2,297,200 |
| 18 | Cooperative Welfare | | | | |
| 19 | (Dedicated) Fund | | | 35,691,500 | 35,691,500 |
| 20 | Cooperative Welfare | | | | |
| 21 | (Federal) Fund | | | <u>421,460,900</u> | <u>421,460,900</u> |
| 22 | TOTAL | | | \$594,028,100 | \$594,028,100 |
| 23 | IV. BASIC MEDICAID PLAN: | | | | |
| 24 | FROM: | | | | |
| 25 | Cooperative Welfare | | | | |
| 26 | (General) Fund | | | \$63,375,900 | \$63,375,900 |
| 27 | Idaho Health Insurance | | | | |
| 28 | Access Card Fund | | | 3,251,600 | 3,251,600 |
| 29 | Hospital Assessment Fund | | | 6,296,700 | 6,296,700 |
| 30 | Cooperative Welfare | | | | |
| 31 | (Dedicated) Fund | | | 31,561,700 | 31,561,700 |
| 32 | Cooperative Welfare | | | | |
| 33 | (Federal) Fund | | | <u>299,607,300</u> | <u>299,607,300</u> |
| 34 | TOTAL | | | \$404,093,200 | \$404,093,200 |
| 35 | GRAND TOTAL | \$18,462,500 | \$47,455,100 | \$1,441,311,700 | \$1,507,229,300 |

36 SECTION 2. FULL-TIME EQUIVALENT POSITIONS. In accordance with Section
37 67-3519, Idaho Code, the Department of Health and Welfare is authorized no more than two
38 hundred eighty-three (283) full-time equivalent positions for the Medical Assistance Services
39 Division during the period July 1, 2009, through June 30, 2010. Transfers of full-time
40 equivalent positions between appropriated programs within the department are authorized and
41 shall be reported in the budget prepared for the next fiscal year. Any full-time equivalent
42 positions in excess of the Department of Health and Welfare's total cap may be authorized only
43 by the Governor and promptly reported to the Joint Finance-Appropriations Committee.

1 SECTION 3. GENERAL FUND TRANSFERS. As appropriated, the State Controller
2 shall make transfers from the General Fund to the Cooperative Welfare Fund, periodically, as
3 requested by the director of the Department of Health and Welfare and approved by the Board
4 of Examiners.

5 SECTION 4. EDUCATION STIPEND FOR DEPARTMENT OF HEALTH AND WEL-
6 FARE EMPLOYEES. Recognizing that employee development is an essential part of a work-
7 force but that budget shortfalls require a reprioritization of expenditures towards core functions
8 first and development and training second. The Department of Health and Welfare is hereby
9 directed not to pay any education stipend, regardless of funding source, for employees during
10 the fiscal year 2010 due to budgetary shortfalls and a reprioritization towards core expenditures.
11

12 SECTION 5. TRANSFERS BETWEEN PERSONNEL COSTS AND OPERATING EX-
13 PENDITURES. Notwithstanding the provisions of Section 67-3511, Idaho Code, that state "No
14 appropriation made for expenses other than personnel costs shall be expended for personnel
15 costs of the particular department, office or institution for which it is appropriated,...." For fiscal
16 year 2010, the Department of Health and Welfare may transfer funds appropriated for operating
17 expenditures to personnel costs with the consent of the State Board of Examiners that currently
18 designates the responsibility to the Division of Financial Management.

19 SECTION 6. EXPENDITURES OF COLLECTED RECEIPTS. Notwithstanding the pro-
20 visions of Section 67-3516(2), Idaho Code, the Department of Health and Welfare is hereby
21 authorized to expend all receipts collected on behalf of the Dual Eligible Individuals Program,
22 Individuals with Disabilities Program, and the Low-Income Children and Working-Age Adults
23 Program, as noncognizable funds for the period July 1, 2009, through June 30, 2010.

24 SECTION 7. TRUSTEE AND BENEFIT PAYMENTS. Notwithstanding the provisions
25 of Section 67-3511, Idaho Code, funding provided for provider payments in the trustee and
26 benefit payments expenditure object code in the budgeted Medical Assistance Services may
27 be transferred in excess of ten percent (10%) among the Dual Eligible Individuals Program,
28 Individuals with Disabilities Program, and Low-Income Children and Working-Age Adults Pro-
29 gram, but shall not be transferred to any other budgeted programs or objects within the Depart-
30 ment of Health and Welfare during fiscal year 2010.

31 SECTION 8. COST CONTAINMENT MEASURES. Within this Medicaid appropriation,
32 the Department of Health and Welfare is requested to proceed with implementing the necessary
33 policy and operational changes to contain and reduce costs in order to provide for a sustainable
34 Medicaid Program. Key cost containment strategies should include, but are not limited to, the
35 following:

36 (1) Establish cost-sharing requirements based on ability to pay for families whose chil-
37 dren are eligible for Home Care for Certain Disabled Children (commonly known as the Katie
38 Beckett Program).

39 (2) Evaluate Medicaid Managed Care Programs to determine whether cost-savings objec-
40 tives have been met. If the objectives of those arrangements that include access, quality and
41 cost have not been realized, initiate appropriate changes and report back to the Legislature on
42 evaluation outcomes and changes made to meet the objectives.

1 (3) Pursue cost reductions through reviewing a possible implementation of a transporta-
2 tion brokerage model.

3 (4) Implement utilization management approaches to ensure that the amount, duration
4 and scope of services are appropriate to meet the health needs of Medicaid participants.

5 (5) Monitor institutional cost drivers and make necessary changes to contain costs.

6 (6) Implement program administrative and policy changes to encourage coverage through
7 cost-effective premium assistance programs.

8 (7) Establish operational protocols and related policy where needed to encourage service
9 providers to obtain national accreditation and establish a provider fee schedule for licensing,
10 surveys and certification as defined by state requirements.

11 (8) Review the assessment process within the enhanced plan for developmental disabil-
12 ities services and incorporate any identified cost containment, quality assurance and efficiency
13 measures.

14 SECTION 9. LEGISLATIVE INTENT. It is the intent of the Legislature to retain to the
15 extent possible, our capable, quality employees who support the essential services and statuto-
16 rily authorized programs that the citizens of Idaho expect. The Legislature finds these critical
17 essential services to be those that maintain the health and safety of our citizens and the ed-
18 ucation of our children. While extending flexibility to the Governor and agency directors to
19 manage the state workforce to the best of their ability during these difficult times, it remains the
20 responsibility of the Legislature to identify priorities for the state workforce. The Legislature
21 finds that reductions in personnel funding shall first be managed through salary reductions that
22 impact all personnel fairly; secondly, be mitigated by the use of existing salary savings; thirdly,
23 by using savings created by keeping newly vacated positions unfilled; fourth, by the use of fur-
24 loughs; and lastly, as a last resort, by reducing the workforce. It is the intent of the Legislature
25 that these policies shall be adhered to by the executive, legislative, and judicial branches to the
26 extent allowed by law.

27 SECTION 10. SALARY REDUCTION. Inasmuch as salary reductions will save jobs;
28 and inasmuch as a five percent (5%) reduction in personnel funding may create a reduction
29 in force; and inasmuch as the state as a single employer of multiple departments and agen-
30 cies is required by law to direct across the board salary adjustments; agencies and institutions
31 shall reduce all salaries of classified and nonclassified employees, regardless of fund source, by
32 three percent (3%) for fiscal year 2010, beginning on June 14, 2009, through June 12, 2010.
33 Agencies shall use personnel cost savings, furloughs, and a reduction in force to manage the
34 remaining two percent (2%) in funding reductions. The Division of Human Resources shall
35 adjust all pay schedules for the classified personnel system downward to the extent that all
36 beginning minimum salaries are three percent (3%) less than those in effect upon the date of
37 passage of this law.

38 SECTION 11. An emergency existing therefor, which emergency is hereby declared to
39 exist, Section 10 of this act shall be in full force and effect on and after passage and approval.